



## **IRISH LIFE INVESTMENT MANAGERS (ILIM)**

### ***The week that was – WEEK 06 (ending 05/02/2016)***

**" Don't find fault, find a remedy." – Henry Ford**

**European Commission forecasts Ireland as EU's top growing economy in 2016** – In its latest winter economic forecast, the European Commission said the Irish economy will grow by 4.5% for 2016 (compared to 6.9% in 2015), the fastest growing economy in the Eurozone. Their forecast is lower for 2017, at 3.5%.

**New mortgage lending in Ireland grew by 20% in 2015** – New data released by the Banking and Payments Federation Ireland (BPF) showed that there were €4.4bn loans for house purchase in 2015 compared to €3.7bn in 2014. The average mortgage loan to first-time buyers was €171,500 in the fourth quarter of 2015.

**Global stock markets drop after 2 week rally** – The world stock market dropped by 3.5% over the week, reducing the year-to-date return following two positive weeks in succession. The 2016 return is now minus 8.7% in local currency terms with the Irish stock market down over 10% and U.S. nearly 8% over the period.

**German unemployment at record low** – Data from the Federal Labor Agency in Nuremberg showed Germany's unemployment rate dropped unexpectedly to a record low of 6.2%, the lowest since German reunification in 1990. Strong, resilient domestic demand is underpinning growth in Europe's largest economy.

**U.S. jobs growth slows but unemployment rate drops to eight-year low** – Figures reported by the U.S. Labor Department show nonfarm payrolls increased by 151,000 jobs in January. This was compared to forecasts of 190,000. However the unemployment rate dropped to 4.9%, the lowest since February 2008.

**Unanimous vote by BOE to keep U.K. interest rates on hold** – After cutting its forecasts for growth, wages and inflation, the Bank of England's Monetary Policy Committee voted 9-0 to keep rates at their record-low of 0.5%. This was the first unanimous vote since August. Rates have not increased for almost seven years.

**The Story of the week:** The Dutch police are considering training eagles to take down malevolent drones. Last week, a Dutch security company, Guard From Above, released a video of an eagle easily grabbing a flying drone with its talons. The police are now looking at the feasibility of using the birds in real-life drone-intercept scenarios.

#### **DISCLOSURE:-**

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## Index Performances and Market Data\*

<b>Equity Markets % (in Local Currency)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD (to 05/02)</b>
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-10.4
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	-6.2
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-11.7
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	-7.8
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	-12.9
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-11.6
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	-5.8
MSCI World	-7.6	13.1	26.2	7.7	0.2	-8.7
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
US	1.9	1.7	3.0	2.2	2.2	1.8
German	1.8	1.4	1.9	0.5	0.6	0.3
UK	2.0	1.9	3.0	1.9	1.9	1.5
Japan	1.0	0.7	0.7	0.3	0.2	0.0
Ireland	8.4	4.5	3.4	1.3	1.1	0.9
Italy	7.1	4.6	4.1	2.1	1.6	1.5
Greece	31.7	12.7	8.2	9.6	7.9	9.4
Portugal	13.4	6.9	6.1	2.7	2.5	3.1
Spain	5.1	5.4	4.1	1.6	1.7	1.6
<b>Central Bank Rates (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
ECB	1	0.75	0.25	0.05	0.05	0.05
Bank of England	0.5	0.5	0.25	0.50	0.50	0.50
US Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
<b>Foreign Exchange Rates</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
Euro/Dollar (€/\$)	1.30	1.31	1.37	1.21	1.09	1.11
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.77
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.44
<b>IPD All Property Return (%)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Ireland	-2.4	-2.4	3.1	12.7	40.1	20.2 (to end of Q3)
UK	14.5	8.1	2.7	10.7	17.8	9.9 (to end of Q3)
US	14.8	14.5	5.3	11.4	11.2	7.9 (to end of Q3)

\*Past performance is not a reliable guide to future performance